

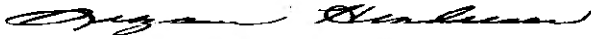
**Electronically Recorded**

Official Public Records

**Tarrant County Texas**

11/9/2010 1:29 PM

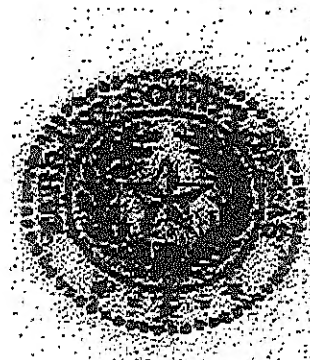
**D210278448**



Suzanne Henderson

PGS 10 \$52.00

Submitter: ACS



DALE PROPERTY SERVICES, LLC  
ATTN: RECORDING TEAM  
500 TAYLOR ST. STE 600  
FORT WORTH, TEXAS 76102

Submitter: DALE PROPERTY SERVICES, LLC

---

SUZANNE HENDERSON  
TARRANT COUNTY CLERK  
TARRANT COUNTY COURTHOUSE  
100 WEST WEATHERFORD  
FORT WORTH, TX 76196-0401

**DO NOT DESTROY**

**WARNING – THIS IS PART OF THE OFFICIAL RECORD**

ELECTRONICALLY RECORDED  
BY ERXCHANGE

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

OIL AND GAS LEASE

Electronically Recorded  
Chesapeake Operating, Inc.

This Oil and Gas Lease (this "Lease") is entered on this 3rd day of November, 2010, by **LOUIS ENGLER ENERGY LP** the address of which is 316 Bailey Aye, Suite 111, Fort Worth, Texas 76107 (hereafter collectively called "Lessor,"), and **CHESAPEAKE EXPLORATION, L.L.C.** the address of which P. O. Box 18496 Oklahoma City, Oklahoma 73154 (hereafter called "Lessee").

1. Grant. In consideration of Ten Dollars and other consideration in hand paid, Lessor grants and leases exclusively unto Lessee the land described in attached Exhibit A (the "Land") in Tarrant County, Texas, for the sole purpose of exploring, drilling, and producing oil and gas.

2. Primary Term. This Lease is for a term of two years from this date (called "Primary Term") and so long thereafter as oil or gas is produced from the Land in paying quantities or this lease is otherwise maintained according to the provisions herein.

3. Minerals Covered. This Lease covers only oil and gas. The term "oil and gas" means oil, gas, and other liquid and gaseous hydrocarbons produced through a well bore.

4. Royalty.

a. As royalties, Lessee agrees:

i. To deliver free of cost to Lessor at the wells or to the credit of Lessor at the pipeline to which the wells may be connected, one-fourth (1/4th) (the "Royalty Fraction") of all oil and other liquid hydrocarbons produced and saved from the Land. At Lessor's option, which may be exercised from time to time, Lessee shall pay to Lessor the same part of the market value at the well of oil and other liquid hydrocarbons produced and sold from the Land.

ii. To pay to Lessor:

(1) On gas produced from the Land and sold by Lessee or used off the Land and to which subparagraphs (2) and (3) do not apply, the Royalty Fraction of the market value at the point of sale, use, or other disposition.

(2) On gas produced from the Land that is processed in a processing

plant in which Lessee or an affiliate of Lessee has a direct or indirect interest, the higher of the Royalty Fraction of the market value of the gas at the inlet to the processing plant, or the Royalty Fraction of the market value of all processed liquids saved from the gas at the plant plus the Royalty Fraction of the market value of all residue gas at the point of sale, use, or other disposition.

(3) On gas produced from the Land that is processed in facilities other than a processing plant in which Lessee or an affiliate of Lessee has a direct or indirect interest, the Royalty Fraction of the market value at the plant of all processed liquids credited to the account of Lessee and attributable to the gas plus the Royalty Fraction of the market value of all residue gas the point of sale, use, or other disposition.

b. The market value of gas will be determined at the specified location by reference to the gross heating value (measured in British thermal units) and quality of the gas. The market value used in the calculation of oil and gas royalty will never be less than the total proceeds received by Lessee in connection with the sale, use, or other disposition of the oil or gas produced or sold. For purposes of this paragraph, if Lessee receives from a purchaser of oil or gas any reimbursement for all or any part of severance or production taxes, then the reimbursement will be added to the total proceeds received by Lessee.

c. Lessor's royalty will never bear, either directly or indirectly, any part of the costs or expenses incurred on the Land or acreage pooled with the land of production, separation, gathering, dehydration, compression, transportation, trucking, processing, treatment, storage, marketing or any part of the costs of construction, operation, or depreciation of any plant or other facilities or equipment used in the handling of oil or gas produced from the Land or acreage pooled therewith. . It is the intent of the parties that the foregoing provisions of the preceding sentence are to be fully effective and enforceable and are not to be construed as "surplusage" under the principles set forth in *Heritage Resources v. NationsBank*, 939 S.W.2d 118 (Tex. 1997). Lessee may charge Lessor's royalty its proportionate share of actual costs incurred by Lessee off of the Land, or acreage pooled therewith, charged by unaffiliated third parties of Lessee which enhance the value of the oil, gas, and associated hydrocarbons resulting in a higher price received from the sale of the oil, gas and associated hydrocarbons.

d. Lessor shall be paid the Royalty Fraction of all payments and other benefits made under any oil or gas sales contract or other arrangement, including take-or-pay payments and payments received in settlement of disputes; provided that if Lessor receives a take-or-pay payment or similar payment for gas that has not been produced, and if the gas is subsequently produced, Lessor will only receive its Royalty Fraction of any payments made for make-up gas taken pursuant to the take-or pay provision or similar provision.

e. If oil or gas produced from the Land is sold by Lessee pursuant to an arms-length contract with a purchaser that is not an affiliate of Lessee, then the market value of the oil or gas sold pursuant to the contract shall be the total proceeds received by the Lessee in the sale, subject to the provisions of paragraph 4(b) above.

f. As used in this paragraph, "affiliate" means (i) a corporation, joint venture, partnership, or other entity that owns all or a portion of Lessee or in which Lessee owns all or a portion of such entity; or (ii) a corporation, joint venture, partnership, or other entity that has a common ownership with Lessee.

g. Lessee must disburse or cause to be disbursed to Lessor its royalty on production from a particular well not later than 120 days after the month of completion of the well, in the case of an oil well, or after the last day of the month of the pipeline connection, the case of a gas well. Thereafter, Lessee must disburse or cause to be disbursed to Lessor its royalty on production by the last day of the second month after the month of production. If not paid when due, Lessor's royalty will bear interest at the maximum lawful rate from the due date until paid, which amount Lessee agrees to pay.

h. Acceptance by Lessor or royalties that are past due will not act as a waiver or estoppel of its right to receive due interest thereon unless Lessor expressly so provides in writing signed by Lessor.

i. The receipt by Lessee from a purchaser or a pipeline company of proceeds of production for distribution to Lessor will not result in Lessee acquiring legal or equitable title to those proceeds, but Lessee will at all times hold the proceeds in trust for the benefit of Lessor.

j. The Lessor and Lessee agree that the lease bonus payment due all Lessors shall be paid to the Louis Engler Energy LP, at 316 Bailey Avenue, Suite 111, Fort Worth, Texas 76107. All other payments due Lessors including royalty payments and shut-in royalty payments shall be paid separately to each Lessor at the addresses shown below.

5. Shut-in Royalty. After the Primary Term, if there is a gas well on this Lease capable of producing in paying quantities, but gas is not being sold and this Lease is not otherwise being maintained, Lessee may pay or tender in advance, an annual royalty of \$50 per acre covered by this Lease within the Retained Tract or pooled unit for each well from which gas is not being sold. Payment with respect to a well will be due within 90 days after the well is shut-in. While shut-in royalty payments are timely and properly paid, this Lease will be held as a producing lease. The right of Lessee to maintain this Lease in force by payment of shut-in gas royalty is limited to five (5) cumulative years. Payment of shut-in royalty is a condition not a covenant. The payment or tender of royalty under this paragraph may be made by the check of Lessee mailed or delivered to the parties entitled thereto on or before the due date.

#### 6. Continuous Drilling.

a. If within 180 days before or at the expiration of the Primary Term Lessee is conducting operations in an effort to obtain production in paying quantities, the Lease shall remain in force as to all acreage and depths as long as there is no lapse of more than 180 days between the completion of one well and the commencement of the actual drilling of another well. The commencement of actual drilling means the penetration of the surface with a drilling rig capable of drilling to the anticipated total depth of the well. After a well is commenced, drilling

operations must continue in a good and workmanlike manner in a good faith effort to reach the anticipated total depth with no cessation of operations for more than 60 consecutive days. For the purpose of computing the time for the commencement of actual drilling of a well, each well will be deemed to have been completed on the date as shown on the completion report for the well, the date the well is "fraced," or 60 days after the release of the drilling rig from the drillsite, whichever occurs first.

b. If at any time the maximum time for the commencement of the actual drilling of a well expires without the commencement of the well, or upon the expiration of the Primary Term if the Lease is not maintained by continuous drilling, this Lease will terminate except as to the acreage included within a proration unit surrounding any well that is then producing in paying quantities or deemed to be producing in paying quantities by virtue of payment of shut-in royalties (hereafter a "Retained Tract") and as to each Retained Tract, the Lease will then terminate as to all depths below 100 feet below the stratigraphic equivalent of the base of the deepest producing formation on the Retained Tract. The Lease will be treated as a separate lease with respect to each Retained Tract and will continue so long as production in paying quantities continues from the tract. If production from a Retained Tract ceases from any cause, and shut-in royalty payments are not timely made, this Lease will terminate as to that tract unless Lessee commences operations for drilling or reworking on the tract within ninety (90) days after the cessation of production, in which case the Lease as to that tract will continue in force as long as the operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in production, so long thereafter as there is production from the tract.

c. The Retained Tract for vertical wells drilled on the Land shall be no larger than the minimum number of acres necessary to obtain the maximum allowable, or if maximum allowable is not able to be calculated, the minimum number of acres permitted for such well under the field rules established by the Railroad Commission of Texas. In the absence of field rules, Retained Tracts for vertical wells drilled on the Land shall contain no more than 40 acres. The Retained Tract for a horizontal well drilled on the Land may include all of the land covered by this Lease. As used in this Lease, the term "horizontal well" means one that meets the definition of a horizontal drain hole well" under statewide Rule 86 of the Railroad Commission of Texas and a "vertical well" is a well that is not a horizontal well. Within 60 days after the last to occur of the expiration of the Primary Term or the continuous drilling program, Lessee must file in the county records and furnish to Lessor a document designating each Retained Tract and the retained depths thereunder and releasing all other depths and acreage. If Lessee fails to file timely a required document after 60 days prior written notice from Lessor, then Lessor may do so, and the filing will bind Lessee.

7. Pooling. Lessee is hereby granted a limited right to pool or unitize the Lands with other lands, leases, mineral estates or parts thereof for the production of oil and/or gas as provided herein. All of the Land not already included within a Retained Tract shall be included within any pooled unit. Acreage covered by this Lease within a pooled unit shall be considered a Retained Tract under Section 6b and c above,

Units pooled for oil or gas, other than gas being produced from the Barnett Shale

formation from horizontal wells, shall contain no more than the minimum number of acres necessary to obtain the maximum allowable, or if maximum allowable is not able to be calculated, the minimum number of acres permitted for such well under the field rules established by the Railroad Commission of Texas. In the absence of field rules, a unit may not exceed 40 acres. Units pooled for producing gas and associated hydrocarbons from the Barnett Shale formation from a horizontal well may not exceed 320 acres in size.

Lessee shall file a Declaration of Pooled Unit in the county either before or after the completion of the well. Once established, pooled units may not be enlarged, diminished or altered without Lessor's prior written consent. Drilling operations and production on any part of the pooled acreage shall be treated as if such drilling operations were upon or such production was from the land covered by this Lease. The entire acreage pooled in the unit shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this Lease. In lieu of the royalties herein provided, Lessor shall receive on production from a unit so pooled only such portion of the royalties stipulated herein as the amount of Lessor's acreage placed in the unit on an acreage basis bears to the total acreage so pooled in a particular unit involved.

8. Offset Wells. If Lessee, or a parent, subsidiary or affiliate of Lessee, drills a well on acreage adjacent to the Land (but not pooled with the Land) closer than the minimum distance from the boundary of the Land established in Rule 37 or the appropriate Field Rules of the Railroad Commission of Texas, (an "Offsetting Well") Lessee must attempt to drill and complete a well on the Land that will prevent drainage of the Land by such Offsetting Well prior to the date of the initial sales from the Offsetting Well, or at the option of Lessee, pay Lessor as a royalty each month a sum equal to the royalty that would be payable under this Lease if the production from the Offsetting Well had come from the Land. The obligation of Lessee to either drill an offset well on the Land, or pay compensatory royalty as required above shall not apply if there is already a well drilled on the acreage nearest the Offsetting Well that prevents drainage from the Offsetting Well.

9. Fixtures. While Lessee is not in default under this Lease, and except as otherwise expressly provided in this Lease, Lessee will have the right at any time within three months after the expiration of this Lease to remove all property and fixtures placed by Lessee on the Land, including the right to draw and remove all casing. At Lessor's option, all property and fixtures will become the property of Lessor if not removed within the permitted period. Lessee may not remove any gates or cattle guards that it has installed.

10. Surface Operations. Lessor does not own the surface of the Land and has waived all rights to use the surface of the Land to explore for oil, gas and other minerals.

11. Assignments. This Lease may be assigned in whole or in part by Lessee and the provisions shall extend to the heirs, executors, administrators, successors and assigns of the parties hereto; provided, however, that any such assignment by Lessee shall require the prior written consent of Lessor with the exception of the following:

- (i) Any assignment of an overriding royalty interest that does not provide, by option or otherwise, for such overriding royalty interest to convert at any time to a working or leasehold estate interest;
- (ii) Any assignment of a working interest to wholly owned subsidiaries of Chesapeake Energy Corporation, Aubrey McClendon, Larchmont Resources, L.L.C. or any successors and assigns of such;
- (iii) Any assignment of a working interest to Total E&P, USA, Inc. and/or its successors and assigns (up to a cumulative working or leasehold interest of twenty-five percent (25%)).
- (iv) Any assignment of a non-operating working or leasehold interest of ten percent (10%) or less, provided that Chesapeake Exploration, L.L.C. remains the Operator of the Lease.

12. Force Majeure. Should Lessee be prevented by reason of Force Majeure from complying with any express or implied covenant of this Lease (other than a requirement to pay money), from conducting drilling or reworking operations on the Land, or from producing oil or gas, then while so prevented, that covenant will be suspended; Lessee will not be liable for damages for failure to comply therewith; this Lease will be extended so long as Lessee is prevented from conducting drilling or reworking operations on or from producing oil or gas from the Land; and the time while Lessee is so prevented will not be counted against Lessee. This Lease may not be perpetuated by reasons of force majeure for more than five (5) cumulative years. "Force Majeure" means any Act of God, any federal or state law, or any other, rule, or regulation of governmental authority, or other cause (other than financial reasons) beyond Lessee's control such as shortages or inability to obtain necessary materials, equipment or services. This paragraph is, however, in all things subject to the limitations of time during which this Lease may be continued in force by the payment of shut-in gas royalties.

13. No Warranties. Lessor makes no warranty of any kind with respect to title to the Land. By acceptance of this Lease, Lessee acknowledges that it has been given full opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title to the Land. If Lessor owns an interest in the Land less than the entire fee simple estate, then the royalties and other payments payable hereunder will be reduced proportionately.

14. Notices. All notices will be deemed given and reports will be deemed delivered if sent by certified letter, properly addressed and deposited in the United States mail, postage prepaid, to Lessor and Lessee at the addresses shown above.

15. Attorney's Fees. In the event that either party shall be required to employ legal counsel for the enforcement of any provision of this Lease and prevails by obtaining a final unappealable judgment, the prevailing party will be entitled to recover from the non-prevailing party reasonable attorney's fees and expenses incurred.

16. Insurance. At all times while this Lease is in force, Lessee shall acquire and maintain insurance covering all of its operations on the Land, including any work performed on its behalf by contractors, subcontractors, and others. The policies shall include coverage for comprehensive general liability for bodily injury and property damage with a limit of \$5,000,000, blowout and loss of well coverage with a limit of \$3,000,000, and coverage for any damage to the environment resulting from a blowout, including coverage for the cost of clean up and surface remediation, with a limit of \$5,000,000. The policies shall show Lessor and the owner of the surface of the Land as additionally insured parties. Lessee shall furnish a certificate from the issuing insurance company or companies evidencing the coverage prior to conducting any operations. Such insurance requirements may be met by a combination of primary and excess insurance policies.

17. Indemnity. LESSEE AGREES TO INDEMNIFY AND HOLD HARMLESS LESSOR AND THE SURFACE OWNER AND THEIR REPRESENTATIVES, SUCCESSORS, AND ASSIGNS AGAINST ALL EXPENSES, CLAIMS, DEMANDS, LIABILITIES AND CAUSES OF ACTION OF ANY NATURE INCLUDING THOSE FOR INJURY TO OR DEATH OF PERSONS, LOSS OR DAMAGE TO PROPERTY, TRESPASS OR NUISANCE, AND INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEY FEES, EXPERT FEES, AND COURT COSTS, CAUSED BY, OR RESULTING FROM LESSEE'S OPERATIONS ON THE LAND, LESSEE'S MARKETING OF PRODUCTION FROM THE LAND, OR ANY VIOLATION OF ANY LAW, RULE, REGULATION OR ENVIRONMENTAL REQUIREMENTS BY LESSEE. AS USED IN THIS PARAGRAPH, THE TERM "LESSEE" AND "SURFACE OWNER" INCLUDES THEIR AGENTS, EMPLOYEES, SERVANTS, CONTRACTORS AND ANY OTHER PERSON ACTING UNDER ITS DIRECTION AND CONTROL, AND ITS INDEPENDENT CONTRACTORS.

18. Counterparts. This Oil and Gas lease may be executed in any number of counterparts, which when combined shall constitute one original Oil and Gas Lease.

19. Miscellaneous Provisions.

a. In the event this Lease expires for any reason as to all or any part of the Land, Lessee shall promptly furnish Lessor with a written, recordable release covering all of the Land or that portion of the Land to be released.

b. Nothing in this Lease negates the usual implied covenants imposed upon Lessee.

c. The term "production" means production in paying quantities. No obligation of Lessee to pay money under this Lease will be excused or delayed by reason of Force Majeure. Lessee's obligations to pay money under this Lease are to be performed in Tarrant County, Texas. Paragraph headings are used in this Lease for convenience only and are not to be considered in the interpretation or construction of this Lease. The execution or ratification by Lessor of any division order, gas contract, or any other document will not alter any provision of this Lease unless the intent to do so is expressly stated in the document. Upon Lessor's written

request, Lessee agrees to furnish to Lessor a copy of each title opinion or report obtained by Lessee that covers all or any part of the Land together with a copy of each title curative document obtained by Lessee.

e. This Lease is binding upon and for the benefit of Lessor, Lessee, and their respective heirs, personal representatives, successors, and assigns.

Executed on the date first written above.

LESSOR:

**LOUIS ENGLER ENERGY LP**

By: Louis Engler Management, LLC,  
a Texas limited liability company, its general partner

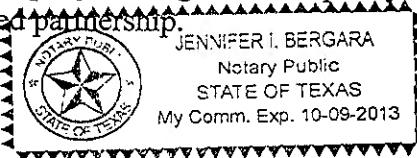
By: Joyce E. Walters mgr.  
Joyce E. Walters, Manager

ACKNOWLEDGEMENT

STATE OF TEXAS                   §  
  §  
COUNTY OF TARRANT       §

3rd This instrument was acknowledged before me, the undersigned notary public, on the day of November, 2010 by Joyce E. Walters, as the Manager of Louis Engler Management, LLC, a Texas limited liability company, acting in its capacity as the general partner of Louis Engler Energy, LP, a Texas limited partnership.

Jennifer I. Bergara  
Notary Public, State of Texas



## EXHIBIT "A"

The surface estate of the 7.932 acres of land situated in the W. W. Wallace Survey, Abstract No. 1705, City of Hurst, Tarrant County, Texas, and being a portion of a tract of land conveyed to Nette Freeman Engler and Joseph I. Engler "Co-Trustees" as recorded in Volume 10125, Page 636, Deed Records of Tarrant County, Texas, said 7.932 acres of land being more particularly described by metes and bounds as follows:

BEGINNING at a 1 ½ inch iron pipe found in the west line of the aforementioned "Engler" tract at the southeast corner of Lot 11, Block 13, Billy Creek Estates 3<sup>rd</sup> Filing, an Addition to the City of Hurst, Tarrant County, Texas, said iron pipe also being in the northerly line of State Highway No. 10 (Hurst Boulevard);

THENCE North 00 Degrees 04 Minutes 00 Seconds West, along the west line of said "Engler" tract and the east line of said Lot 11, Block 13, a distance of 301.53 feet to a ½ inch iron rod with plastic cap stamped "Moak Surv Inc" found at the southwest corner of Lot 1, Block 2, Walker Branch Estates, an Addition to the City of Hurst, Tarrant County, Texas as recorded in Cabinet A, Slide 3039, Plat Records of Tarrant County, Texas;

THENCE North 80 Degrees 12 Minutes 17 Seconds East, along the southerly line of said Block 2, a distance of 169.59 feet to a ½ inch iron rod found;

THENCE North 82 Degrees 50 Minutes 17 Seconds East, continuing along the southerly line of said Block 2, a distance of 532.29 feet to a ½ inch iron rod with plastic cap stamped "Moak Surv Inc" found;

THENCE North 84 Degrees 44 Minutes 37 Seconds East, continuing along the southerly line of said Block 2 and along the southerly line of Lot 8, Block 1, of said Addition, a distance of 245.94 feet to a ½ inch iron rod found at the southeast corner of Lot 8, Block 1, of said Addition and the east line of the aforesaid "Engler" tract, said iron rod also being in the west line of Block 4, McNary Village, an Addition to the City of Hurst, Tarrant County, Texas as recorded in Volume 388-168, Page 33, Plat Records of Tarrant County, Texas;

THENCE South 00 Degrees 07 Minutes 30 Seconds West, along the east line of said "Engler" tract, a distance of 421.46 feet to a ½ inch iron rod with plastic cap stamped "Landes & Assoc" set in the northerly R.O.W. line of the aforementioned State Highway No. 10;

THENCE North 89 Degrees 52 Minutes 00 Seconds West, along said northerly R.O.W. line, a distance of 938.90 feet to the PLACE OF BEGINNING and containing 7.932 acres of land, more or less.